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SUBJECT: EAST TIMOR SITUATION REPORT FOR MAY 30

REF: (A) Dili 271; (B) Dili 275

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CLASSIFIED BY: Grover Joseph Rees, Ambassador, U.S. Embassy
Dili, Department of State.
REASON: 1.4 (b), (d)

1) Summary:

Alkatiri backtracks on Presidential control of security;
Meeting of the Superior Council on Defense and Security
postponed again;
Pessoa, not Ramos-Horta, may take Defense portfolio;
Violence in Dili Declining?
Status of ADF activities;
Joint ADF operations with armed FDTL members;
Baucau;
Food Security;
American Citizens.
End summary.

Alkatiri backtracks on Presidential control of security

2) (SBU) The Government appears to be backing out of agreements made at yesterday's meeting of the Council of State. Sources familiar with that meeting have unanimously reported that the Prime Minister agreed to the President's assumption of "sole responsibility" for the national security forces including the police (PNTL) and military (FDTL). See Ref B. These sources also reported that the Prime Minister agreed that the Ministers of Defense and Interior would either resign or be dismissed. See Ref B. Earlier today, however, the Prime Minister made several public and private statements to the effect that he retains control over the security forces and that any dismissals of Cabinet members are "within my exclusive competency" and will be done "in my own way and in my own time." In a meeting with USDOD officers assigned to Embassy Dili, FDTL commander General

Taur Matan Ruak said that "under the Constitution" his obligation is to "support the Office of the Prime Minister." Shortly thereafter, Matan Ruak reportedly attended a meeting with Alkatiri and several key Alkatiri loyalists in preparation for a scheduled meeting of the Superior Council on Defense and Security. In addition, Interior Minister Rogerio Lobato has reportedly refused to resign unless the Prime Minister does as well. Alkatiri reportedly told President Gusmao and Foreign Minister Jose Ramos Horta this afternoon that he would dismiss Lobato only if they agreed to accept an Alkatiri loyalist, Antoninho Bianco, as Lobato's replacement. The President reminded the Prime Minister of yesterday's agreement that a different person (Gusmao loyalist Alcino Barris) would replace Lobato, and at that point the discussion reportedly broke down.

Meeting of the Superior Council on Defense and Security postponed again

3)(SBU) The Superior Council on Defense and Security was scheduled to meet this afternoon in order to work with the President on how to implement new security arrangements under yesterday's "declaration of crisis." See Ref B. Knowledgeable sources have reported that it had been agreed at the Council of State meeting yesterday that the Prime Minister would appoint a new Minister of Defense (Ramos Horta) and a new Minister of the Interior (Barrios) in time for them to participate in today's meeting. See Ref B. When Alkatiri subsequently refused to do this (see paragraph 2), and the President insisted, the scheduled meeting did not take place. After several more hours of discussion among the principals, Alkatiri reportedly agreed to hold a Council of Ministers (cabinet) meeting tomorrow morning at which the two ministers would resign or be dismissed and their replacements would be announced. The two new Ministers will then participate in a rescheduled Superior Council for Defense and Security meeting at 3 p.m. tomorrow.

Pessoa, not Ramos-Horta, may take Defense portfolio

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4) (C) A source close to the negotiations has indicated that the original agreement between Gusmao and Alkatiri, in which Foreign Minister Jose Ramos-Horta would assume the Defense portfolio while retaining Foreign Affairs, has been changed. Instead, this source reports that Senior Minister and Minister of State Administration Ana Pessoa will also become Minister of Defense. According to this source, the original arrangement broke down when Ramos-Horta said he would take the Defense ministry only if he were also appointed Deputy Prime Minister in what would become in effect a government of national unity. Alkatiri refused to agree to this condition. It was then agreed that Pessoa, a key member of the "Mozambique group" who has been Alkatiri's most important advisor and ally, would become Minister of Defense. According to Embassy's source, Pessoa has agreed to take direction from the President rather than from the Prime Minister in accordance with yesterday's declaration of crisis, and the President trusts her to honor this agreement in part because of his perception that she has become disillusioned with Alkatiri. (Comment: Another element that may have contributed to this surprising change is that Ana Pessoa is the former wife of Jose Ramos-Horta. Despite their many political and philosophical differences, the two Senior Ministers continue to regard each other with affection and respect. Ramos-Horta has become President Gusmao's most important ally during the recent crisis, and he may have been instrumental in persuading the President to accept Pessoa. Nevertheless, it is far from clear that she would side with Gusmao and Ramos-Horta in future disputes with Alkatiri. End Comment.)

Violence in Dili Declining?

5)(SBU) Although yesterday began as a relatively peaceful day, there was substantial violence and destruction by the end of the day. Embassies traveling through the Becora area saw rows of homes aflame and smoke plumes rising from many sections of the city. Among the victims were several Embassy FSNs who had their homes

destroyed and whose only remaining possessions are the clothes on their backs. There was somewhat less violence last night, possibly because of the calming effects of the President's televised address to the nation (see Ref B), but houses were burned in several neighborhoods. Early in the evening, before the President's address, a grenade explosion was heard by a number of people in the Bidau area including Embassy local guards at the COM residence.

6) (SBU) There appeared to be substantially lower levels of violence today than yesterday. Emboffs reported more people on the street this morning than on previous days in the troubled Becora neighborhood, although fires were still smoldering from houses that had been burned during the night or in the early morning hours. In the afternoon, however, clashes broke out between Loromono (westerners) and Lorosa'e (easterners) armed with pipes and slingshots near the Comoro market. Several buildings and many market stalls were burned before the Australian Defense Forces (ADF) could calm the situation. A recent agreement between the ADF and the Dili Fire Department made it possible for firefighters to respond to the latest round of burnings.

Status of ADF activities

7)(C) The Australian Defense Forces (ADF) continue to face difficulties with crowd dispersal and control. Emboffs witnessed the ADF break up a fight between two small youth gangs. The fighting recommenced as soon as the ADF had moved out of the immediate area. Situational awareness is also a problem. Yesterday evening emboffs witnessed a large mob actively burn houses and shops less than a kilometer from two large ADF checkpoints. The ADF units were unaware of the activity and appeared unable to respond when the problems were reported.

8)(SBU) ADF has begun using select members of the police force to assist in conducting patrols. On two separate occasions, emboffs witnessed ADF units operating side-by-side with armed

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members of the East Timor national police (PNTL)Q

Joint ADF operations with armed FDTL members

9(C) Not far from the Metinara FDTL base, Emboffs observed yesterday armed FDTL soldiers working side by side with ADF manning a check point. This would appear to contradict several public announcements by ADF representatives that there are no joint ADF/FDTL operations, and it is also contrary to the understanding of Australian diplomats in Dili, but ADF and FDTL sources have separately confirmed this operation. (These sources stated that the Metinara checkpoint is the only joint ADF/FDTL operation, but see paragraph ____). Approximately one kilometer to the east, armed FDTL units are operating their own checkpoint, in apparent contravention of the agreement that the military would remain in their barracks. Soldiers manning that checkpoint report that their objective is to prevent gangs of eastern youth from going to Dili, but the FDTL members were seen stopping vehicles traveling both directions.

10)(S/Noforn) US Defense representatives assigned to Embassy Dili observed two armed and uniformed FDTL members today at a checkpoint between Dili and Hera --- the first town east of Dili --- today working alongside ADF members. According to the US Defense Representatives' report, ADF sources also reported that FDTL will likely be employed more actively to the east of Dili. (Comment: As previously stated in Ref A, Embassy Dili believes that the presence of armed FDTL members working jointly with ADF members --- particularly at a checkpoint immediately adjacent to Dili guarding the approaches to the city --- is deeply problematic. FDTL is widely regarded in Dili as the principal perpetrators of killings and other violence during the last few weeks. Joint ADF-FDTL operations could lead to continued tension and instability and significantly reduce popular support for ADF. Moreover, the authorized presence of armed FDTL at a highway checkpoint immediately adjacent to Dili could provide a

springboard for further FDTL actions against actual or perceived adversaries. End Comment.)

Baucau

11)(SBU) Embassadors visiting Baucau today report that the city is quiet and that inhabitants are actively following events in Dili. Some Baucau residents fear that the violence in Dili could spread there as well. Police, public transportation, government offices, and schools appear to be functioning normally in Baucau, and internally displaced persons (IDPs) there appear to be gathered in smaller numbers and in better conditions than IDPs in Dili.

Food Security

12)(SBU) The government has commenced food distribution in all neighborhoods in Dili to help mitigate the effects of the prolonged closure of markets. Despite the large crowds gathering at the distribution points, there were no reports of violence at these sites.

American Citizens

13)(SBU) Approximately 62 non-official American citizens remain in East Timor and the Embassy continues to encourage them to depart. Today was the last day that Australian military flights to Darwin would be available for evacuation. More than 40 seats were available on today's Dili-Bali flight.
REES